

A G E N D A

UTAH BOARD OF WATER RESOURCES

Department of Natural Resources
1594 W. North Temple
Salt Lake City, Utah

December 10, 2004

9:30 a.m.

- I. CALL TO ORDER
- II. APPROVAL OF MINUTES - November 5, 2004
- III. CHAIR'S REPORT
- IV. WATER SUPPLY OUTLOOK Randy Julander
- V. FEASIBILITY REPORTS County
 - E145 Ashley Valley Res. Co. Uintah
 - E152 Cedar Creek Irr. Co. Sanpete
- VI. COMMITTAL OF FUNDS Washington
 - E132 Leeds Water Co.
- VII. SPECIAL ITEMS Duchesne
 - D983 Hanna Water & Sewer Dist. (Amendment) Cache
 - E062 Porcupine Highline Canal Co. Utah
(Amendment)
 - E156 Payson City (Bond Ins.: App. Summ.,
Feas. Rep. & Comm. of Funds)
 - E157 Metro. Water Dist. of Salt Lake & Sandy Salt Lake
(Bond Ins.: App. Summ.,
Feas. Rep. & Comm. of Funds)
- VIII. DAM SAFETY CONSTRUCTION FUNDING Piute
 - C022 Piute Res. & Irr. Co. (Amendment)
- IX. DIRECTOR'S REPORT
- X. FLAMING GORGE WATER RIGHT Dennis Strong
- XI. NEXT BOARD MEETING - January 28, 2005
- XII. ADJOURNMENT

BRIEFING MEETING AGENDA

UTAH BOARD OF WATER RESOURCES

Department of Natural Resources
1594 W. North Temple
Salt Lake City, Utah

December 10, 2004

7:00 a.m.

- | | | |
|------|-----------------------------------|------------------|
| I. | WELCOME/CHAIR'S REPORT | Chairman Shirley |
| II. | APPROVAL OF BOARD'S 2005 SCHEDULE | |
| III. | FLAMING GORGE WATER RIGHT | Dennis Strong |
| IV. | DISCUSSION OF PROJECTS | Board/Staff |
| V. | OTHER ITEMS | |

BOARD OF WATER RESOURCES

Revolving Construction Fund

Funding Status

December 10, 2004

Funds Available for Projects This FY \$ 5,439,000

Projects Contracted This FY

1 South Willard Water Co (Amend)	E119	90,000
2 Chester Irr Co	E138	48,000

Total Funds Contracted	\$ 138,000
Funds Balance	\$ 5,301,000

Projects with Funds Committed

1 Kanab Irr Co	D968	\$ 377,000
2 Deseret Irr Co (Amend)	E101	32,000
3 West Porterville Pipeline Co	E148	27,000
4 Otter Creek Reservoir Co (Amend)	C021	25,000
* 5 Piute Res & Irr Co (Piute Dam; Amend)	C022 Grant **	4,322,500
* 6 Piute Res & Irr Co (Piute Dam; Amend)	C022 Loan **	252,500
7 Kays Creek Irr Co (Adams Dam; Amend)	C001 Grant **	4,000
8 Huntington-Cleveland Irr Co	C024 Grant **	9,000
* 9 Leeds Water Co	E132	697,000
Commitments for Dam Safety Studies	**	136,000

Total Funds Committed	\$ 5,882,000
Funds Balance	\$ (581,000)

Projects Authorized

1 Deseret Irr Co	E056	\$ 400,000
2 West Panguitch Irr & Res Co	E105	137,000
3 Hi-Country Estates Homeowners Assn	E127	406,000
4 M&M Irr Co	E136	531,000
* 5 Cedar Creek Irr Co	E152	330,000

Total Funds Authorized	\$ 1,804,000
Remaining Funds Available	\$ (2,385,000)

* To be presented at Board Meeting

** Dam Safety Projects

BOARD OF WATER RESOURCES

Cities Water Loan Fund

Funding Status

December 10, 2004

Funds Available for Projects This FY	\$ 2,368,000
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Bonds Closed This FY

Total Bonds Closed	\$ -
Funds Balance	\$ 2,368,000

Projects with Funds Committed

1	\$ -
Total Funds Committed	\$ -
Funds Balance	\$ 2,368,000

Projects Authorized

1	\$ -
Total Funds Authorized	\$ -
Remaining Funds Available	\$ 2,368,000

* To be presented at Board Meeting

BOARD OF WATER RESOURCES

Conservation & Development Fund

Funding Status

December 10, 2004

Funds Available for Projects This FY \$ 15,089,000

Projects Contracted/Bonds Closed This FY

1 City of St. George (Bond Ins.)	E137	145,000
2 Hooper Irr Co (Press Irr, Phase I amend)	E060	85,000
3 Holliday Water Co	E122	1,500,000
4 MWD of Salt Lake & Sandy (Bond Ins.)	E134	<u>\$ 500,000</u>

Total Funds Contracted/Closed	<u>\$ 2,230,000</u>
Funds Balance	<u>\$ 12,859,000</u>

Projects with Funds Committed

1 Pleasant Grove City	E126	115,000
2 Lake Creek Irr Co (Ph 1)	E102	22,500
3 Ephraim Irr Co	E061	1,500,000
4 City of West Jordan (Bond Ins.)	E154	25,000
* 5 Payson City	E156	74,000
* 6 MWD of Salt Lake & Sandy (Bond Ins.)	E157	<u>450,000</u>

Total Funds Committed	<u>\$ 2,187,000</u>
Funds Balance	<u>\$ 10,672,000</u>

Projects Authorized

1 Strawberry High Line Canal Co	D976	\$ 3,187,000
2 Uintah WCD (Island Ditch)	E036	720,000
3 Richland Nonprofit Water Co	E087	335,000
4 Lake Creek Irr Co (Ph 2)	E102	300,000
5 Tropic & East Fork Irr Co (Ph 2)	E104	220,000
6 West Point City	L546	410,000
7 Centerfield Town	L547	255,000
8 Center Creek Culinary Water Co	E020	877,000
9 New Escalante Irr Co	E077	300,000
10 St George & Washington Canal Co	E129	11,000,000
11 Santaquin City	E147	1,000,000
12 Willow Creek Irr Co	E149	1,048,000
* 13 Ashley Valley Res Co	E145	<u>1,489,000</u>

Total Funds Authorized	<u>\$ 21,141,000</u>
Remaining Funds Available	<u>\$ (10,469,000)</u>

* To be presented at Board Meeting

BOARD OF WATER RESOURCES

December 10, 2004

ADDITIONAL ACTIVE PROJECTS		Fund	Est. Board Cost	Total Cost
Authorized or Committed Projects				
1 Davis & Weber Counties Cnl Co (Ph 4)	D674	C&D	\$ 10,379,000	\$ 12,211,000
2 Central Utah WCD (Prepay FY98,99,00)	D960	C&D	3,000,000	3,000,000
3 Weber Basin WCD (Secondary Irr, Ph 3-5)	E029	C&D	27,721,000	32,613,000
4 Davis & Weber Counties Cnl Co(Cnl Rehab)	E035	C&D	15,497,000	18,232,000
5 Hooper Irr Co (Press Irr, Ph 2-4)	E060	C&D	11,772,000	13,850,000
6 City of Cedar Hills	E099	C&D	31,200	31,200
Subtotal			\$ 68,400,200	\$ 79,937,200
Projects Under Investigation				
1 Keith Johnson	D996	RCF	\$ 37,500	\$ 50,000
2 Mayfield Irr Co	E067	RCF	187,500	250,000
3 Rock Dam Irr Co	E083	RCF	37,500	50,000
4 Mower Ditch Co	E133	RCF	135,000	180,000
5 Downs Ditch Water Co	E139	RCF	281,250	375,000
6 Co-Op Farm Irr Co	E140	RCF	374,250	499,000
7 Anderson, Felt, Winters Ditch Co	E141	RCF	148,500	198,000
8 Felt, Peterson, Slater Ditch Co	E142	RCF	148,500	198,000
9 Huntsville South Bench Canal Co	E143	RCF	258,750	345,000
10 Emmertsen Irr Co	E144	RCF	86,250	115,000
11 Huntsville Irr Co	E146	RCF	627,000	836,000
* 12 Vernon Irr Co	E158	RCF	37,500	50,000
13 Parowan City	E121	CWL	158,250	211,000
14 Millville City	L548	CWL	1,275,000	1,700,000
* 15 Elwood Town	L549	CWL	712,500	950,000
16 Woodruff Irrigating Co	D680	C&D	600,000	800,000
17 Kane County WCD	D828	C&D	1,500,000	2,000,000
18 Uintah WCD (Leota Bench)	D944	C&D	750,000	1,000,000
19 Gunnison Butte Mutual Irr Co	E004	C&D	10,500,000	14,000,000
20 City of South Jordan (Secondary Irr)	E034	C&D	2,253,000	3,004,000
21 Hyrum Blacksmith Fork Irr Co	E047	C&D	1,230,000	1,640,000
22 East Juab County WCD	E071	C&D	375,000	500,000
23 Ferron Canal & Res Co	E082	C&D	2,625,000	3,500,000
24 Whiterocks Irr Co	E084	C&D	1,500,000	2,000,000
25 Logan, Hyde Park, Smithfield Canal Co	E096	C&D	1,301,250	1,735,000
26 Newton Water Users Association	E100	C&D	1,001,250	1,335,000
27 Town of Goshen	E109	C&D	240,000	320,000
28 Weber-Box Elder Conservation Dist	E113	C&D	9,750,000	13,000,000
29 Cottonwood Creek Consolidated Irr Co	E125	C&D	3,750,000	5,000,000
30 Alton Farmers Assoc	E128	C&D	1,650,000	2,200,000
31 Huntington-Cleveland Irr Co	E130	C&D	21,299,000	66,090,000
32 Fremont Irr Co	E131	C&D	1,500,000	2,000,000
33 Grantsville Irr Co	E150	C&D	321,000	428,000
34 Centerville City	E155	C&D	132,000	176,000
Subtotal			\$ 66,782,750	\$ 126,735,000
TOTAL			\$ 135,182,950	\$ 206,672,200

* New Applications

BOARD OF WATER RESOURCES

December 10, 2004

INACTIVE PROJECTS

Long Term Large Water Conservation Projects

1 Sanpete WCD (Narrows Dam)	D377
2 Wayne County WCD	D494
3 Cedar City Valley Water Users	D584
4 Bear River WCD	D738
5 Upper Sevier River WCD	E098

BOARD OF WATER RESOURCES

Feasibility Report

Conservation and Development Fund

Appl. No.: **E-145**

Received: 5/12/04

Approved: 7/9/04

To be Presented at the December 10, 2004 Board Meeting

SPONSOR: ***ASHLEY VALLEY RESERVOIR COMPANY***

President: Ray Hunting

LOCATION: The proposed project is located about 20 miles northwest of Vernal in Uintah County.

EXISTING CONDITIONS & PROBLEMS: The sponsor stores agricultural irrigation water in four small reservoirs supplied by Ashley Creek, and in the larger Oaks Park Reservoir supplied by Brush Creek. The water is released to farmers in several irrigation companies in the Vernal area to help them irrigate up to 20,000 acres; since this water is only 1/6 of their total supply, they get the rest of their water from other sources. Vernal City, Ashley Valley Water & Sewer, Maeser Water & Sewer, and Jensen Water, all stockholders in the reservoir company, receive culinary water through exchange of the 17% they hold in Oaks Park Reservoir.

Oaks Park Canal begins below Oaks Park Reservoir on Brush Creek. The first 3,000 feet of canal is piped, and the next 30,000 feet traverses several different formations containing fractured rock which causes annual seepage losses to the sponsor of about 1,240 acre-feet.

Through exchange, users in the Dry Island area above the Steinaker Service Canal were to receive the same amount of water per share as users below the canal. Due to drought conditions, however, those above the canal have not been receiving a full share.

PROPOSED
PROJECT:

The sponsor is requesting financial assistance from the board to replace the aforementioned 30,000 feet of Oaks Park Canal with pipeline. Technical assistance is being provided by Engineering Services in Vernal.

The project fits in Prioritization Category 3 (agricultural project that will provide significant economic benefit to area.)

COST ESTIMATE:

The following cost estimate is based on the engineer's preliminary design and has been reviewed by staff:

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit</u> <u>Price</u>	<u>Amount</u>
1.	36-inch Polyethylene Pipe			
	a. Materials	30,000 LF	\$38.40	\$1,152,000
	b. Installation	30,000 LF	15.00	450,000
2.	Tie to Exist. Pipe	LS	1,000	1,000
3.	Air-Vacuum Valve	3 EA	1,500	4,500
4.	Outlet Drain	2 EA	5,000	10,000
	Construction Cost			\$1,617,500
	Contingencies			161,500
	Legal and Administrative			44,000
	Design and Construction Engineering			100,000
				<u>\$1,923,000</u>

COST SHARING
& REPAYMENT:

The recommended cost sharing and repayment are:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$ 1,489,000	77%
USDA Rural Development (Loan)	192,300	10
USDA Rural Development (Grant)	192,300	10
Sponsor	<u>49,400</u>	<u>3</u>
TOTAL	\$ 1,923,000	100%

The sponsor states its cost sharing amount is the most it can come up with at this time, and has reviewed its budget with staff. If the board requires an increased amount from the sponsor, a special assessment will have to be made.

If the board authorizes the project, it is suggested it be purchased with annual payments of \$85,000 at 2% interest over approximately 22 years.

The sponsor requests annual payments of \$54,000 (see Financial Feasibility section), which equates to either 1% and approximately 32 years, or 2% and approximately 40 years.

ECONOMIC
FEASIBILITY:

The proposed project is economically feasible if increased net income from farming, and the purchase of municipal water (for reservoir company stockholders receiving culinary water through exchange) to be avoided because of the improved water supply, exceeds the costs of the project. The economic analysis shows irrigators' annual net farm income will increase by about \$66,500. In addition, water saved by the project will reduce the amount of municipal water the sponsor needs to purchase from the Bureau of Reclamation by 212 acre-feet, saving approximately \$40,300 annually. When all costs and benefits are discounted to present value over the useful life of the proposed project, the benefit/cost ratio is 1.11.

FINANCIAL
FEASIBILITY:

Benefits from installing the project consist of increased crop production resulting from the improved water supply, reduced operation and maintenance costs, and the avoided cost of purchasing additional culinary water:

Annual Benefit of Increased Crop Production	\$ 66,500
Annual Reduction of Canal O&M	3,000
Avoided Cost of Culinary Water	<u>40,300</u>
ANNUAL NET BENEFIT	\$109,800

With the proposed board share of the project being 77%, it is suggested the sponsor's repayment ability be calculated as approximately 77% of the annual net benefit, or \$85,000 per year.

The sponsor feels it cannot assess the culinary shares, which provide a significant portion of the project benefit, at a higher rate than the irrigation shares. As such, it would like the "Avoided Cost of Culinary Water" to not be included in the calculation of Annual Net Benefit. Doing so reduces the benefit

to \$69,500, and the sponsor's annual repayment ability to \$54,000.

BENEFITS: The project will provide an additional 1,028 acre-feet of water annually for farms and 212 acre-feet for culinary users. It will help the Dry Island area by allowing, through exchange, those users above a service canal to receive an increased share of water.

PROJECT
SPONSOR: Ashley Valley Reservoir Company was incorporated in 1919 and is registered in good standing with the state Department of Commerce. It consists of 553 shareholders holding 21,455 shares (18,374 agricultural, 3,081 municipal).

The company has developed projects to store and control the use of water in the Ashley Creek watershed. Small glacial lakes at the head of Ashley Creek were dammed at the inception of the company, and later the company obtained Forest Service permits to build dams, reservoir, and canals.

The company received about \$364,000 from the board in the early 1980s to help replace the first 3,000 feet of Oaks Park Canal, below Oaks Park Reservoir, with pipe, and to make improvements to Oaks Park Dam. That project has been purchased from the board.

WATER RIGHTS
& SUPPLY: The sponsor has the following water rights:

<u>Source</u>	<u>Right No.</u>	<u>Quantity (Ac-Ft)</u>
Long Park Reservoir (Unnamed Draw)	41-2238	300
Ashley Twin, Upper & Lower Goose Lakes	45-5020	1,550
Ashley Creek	45-2047	500
Brush Creek (Oaks Park Reservoir)	45-93	4,500
	45-94	3,000

Since the 1980s project was only recently paid off, the rights are still in the name of the board.

EASEMENTS: The sponsor will place the proposed pipeline along the existing canal alignment except for 600 feet which will require a Forest Service permit.

ENVIRONMENTAL: Since the majority of the proposed pipeline will be installed along the alignment of the existing canal, environmental disruption will be minimized.

WATER CONSERVATION: The project will develop approximately 1,240 acre-feet annually.

SPONSOR'S RESPONSIBILITIES: If the board authorizes the proposed project, the sponsor must do the following before construction can begin:

1. Obtain all easements, rights-of-way, and permits required to construct, operate, and maintain the project.
2. Pass a resolution by the appropriate (as defined in the company's Articles of Incorporation and Bylaws) majority of company stock authorizing its officers to do the following:
 - a. Assign properties and easements required for the project to the Board of Water Resources.
 - b. Enter into a contract with the Board of Water Resources for construction of the project and subsequent purchase from the Board.
3. Have an attorney give the Board of Water Resources a written legal opinion that:
 - a. The company is legally incorporated for at least the term of the purchase contract and is in good standing with the state Department of Commerce.
 - b. The company has legally passed the above resolution in accordance with the requirements of state law and the company's Articles of Incorporation and Bylaws.
 - c. The company has obtained all permits required for the project.
4. Have an attorney give the Board of Water Resources a written legal opinion that the company owns all easements and rights-of-way

for the project, as well as the land on which the project is located, and that title to these easements, rights-of-way, and the project itself can be legally transferred to the Board.

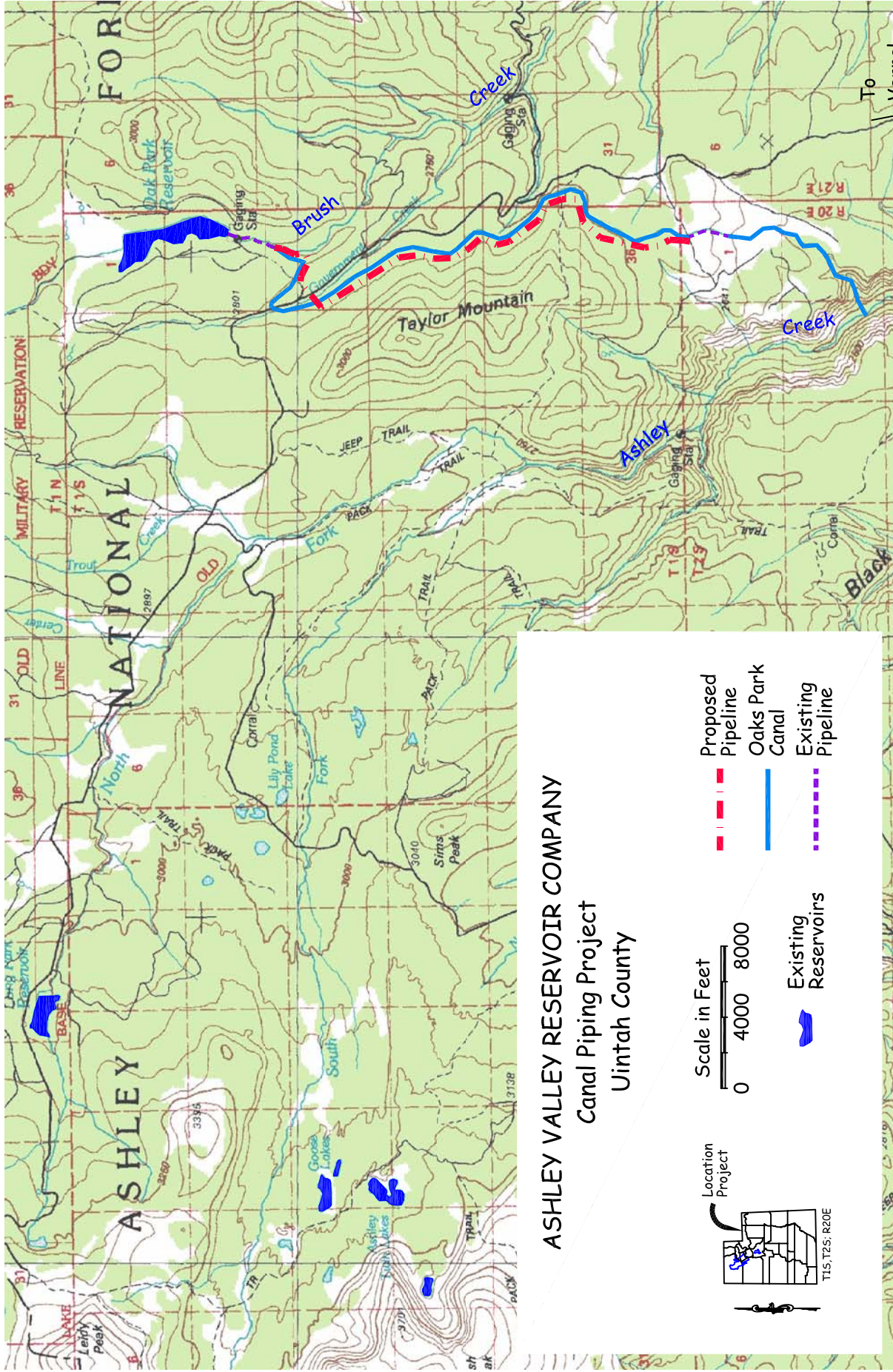
In lieu of an attorney's opinion, the company may obtain a title insurance policy in the name of the Board of Water Resources for the easements, rights-of-way, and land necessary for the project.

5. Obtain approval of final plans and specifications from the Division of Water Resources.

6. Prepare a water management and conservation plan for its service area, and obtain approval of it from the Division of Water Resources.

PROJECT
CONTACT
PEOPLE:

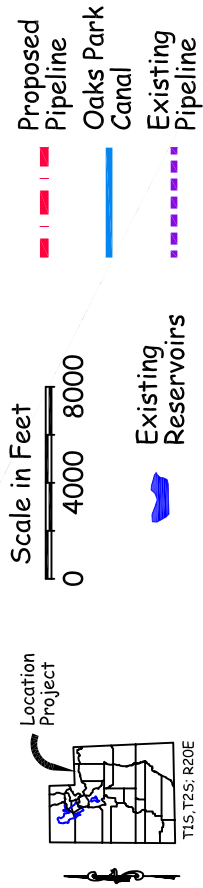
President:	Ray Hunting 847 W. 500 South Vernal, UT 84078 Phone: (435) 789-0085
Secretary:	Myrna Murray 44 West 100 North Vernal, UT 84078 Phone: (435) 789-3212
Engineer:	Engineering Services P.O. Box 1485 Vernal, UT 84078 Phone: (435) 781-2550



ASHLEY VALLEY RESERVOIR COMPANY

Canal Piping Project

Uintah County



To Vernal
~ 20 Miles

BOARD OF WATER RESOURCES

Feasibility Report

Revolving Construction Fund

Appl. No.: **E-152**
Received: 9/15/04
Approved: 9/24/04

To be Presented at the December 10, 2004 Board Meeting

SPONSOR: ***CEDAR CREEK IRRIGATION COMPANY***

President: Mark Ray Sorensen

LOCATION: The proposed project is located about two miles northeast of Spring City in Sanpete County.

EXISTING CONDITIONS & PROBLEMS: The sponsor provides agricultural irrigation water to 600 acres. Water is diverted from Cedar Creek into a 4.5-mile transmission pipeline, which transports the water to earth and concrete-lined distribution ditches serving fields. The concrete lining was installed in 1967, is breaking up, and loses a third of its water to seepage according to company observations.

The sponsor usually obtains its flow right of 6.09 cfs from the first part of the irrigation season until July when the flow drops to 1-2 cfs, restricting the land that can be watered.

PROPOSED PROJECT: The sponsor is requesting financial assistance from the board to install a gravity pressurized irrigation system that will include a regulating pond and 8.5 miles of pipeline for irrigation and stockwatering. Technical assistance is being provided by the Natural Resources Conservation Service (NRCS) in Manti.

The project fits in Prioritization Category 3 (agricultural project that will provide significant economic benefit to area).

COST ESTIMATE: The following cost estimate is based on the engineer's design, and construction bids opened November 4:

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Amount</u>
1.	Regulating Pond	LS	\$50,000	\$ 50,000
2.	PVC Pipe			
	a. 21-inch	800 LF	18.50	14,800
	b. 18-inch	3,800 LF	15.25	57,950
	c. 15-inch	1,320 LF	12.50	16,500
	d. 12-inch	1,380 LF	11.00	15,180
	e. 8-inch	4,100 LF	5.50	22,550
	f. 6-inch	6,700 LF	4.50	30,150
	g. 4-inch	18,560 LF	3.50	64,960
	h. 3-inch	2,000 LF	1.25	2,500
	i. 2-inch	6,000 LF	1.00	6,000
3.	Risers, Valves, & Fittings	LS	35,400	35,400
4.	Highway Crossing	LS	20,000	<u>20,000</u>
Construction Cost				\$335,990
Contingencies				32,510
Legal, Administrative and Engineering				<u>6,500</u>
TOTAL				\$375,000

COST SHARING & REPAYMENT: The recommended cost sharing and repayment are:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$330,000	88%
Sponsor	<u>45,000</u>	<u>12</u>
TOTAL	\$375,000	100%

If the board authorizes the project, it is suggested it be purchased with annual payments of \$15,800 at 0% interest over approximately 21 years.

The sponsor doubled its assessment this year in anticipation of the project and plans on installing the smaller diameter pipe. With limited manpower and equipment, it feels it cannot participate any further in the cost sharing.

FINANCIAL FEASIBILITY:	<p>Benefits from installing the project will be from increased crop yields of about \$18,000 annually. With the proposed board share of the project being 88%, it is suggested the sponsor's repayment ability be calculated as approximately 88% of the annual benefit, or \$15,800 per year. This is equivalent to about \$26.30 per acre.</p> <p>The sponsor has obtained nearly \$200,000 in Environmental Quality Incentive Program grant funding from the NRCS to purchase aboveground sprinklers and equipment.</p>
BENEFITS:	<p>Replacing open ditches with pressurized pipelines will develop approximately 400 acre-feet annually through increased irrigation efficiency. The sponsor will be able to deliver water to any part of its service area even after creek flow drops off later in the irrigation season.</p>
PROJECT SPONSOR:	<p>Cedar Creek Irrigation Company was incorporated in 1905 and is registered in good standing with the state Department of Commerce. Its 841 shares are held by sixteen shareholders and cover 600 adjudicated acres.</p> <p>The company received about \$19,000 from the board in the mid-1960s to help install low-head pipe and to concrete-line ditches, and received about \$79,000 in the mid-1980s to help install the 4.5 miles of aforementioned transmission pipeline. Both projects have been purchased from the board.</p>
WATER RIGHTS & SUPPLY:	<p>The Cox Decree grants the sponsor half the flow of Cedar Creek, up to 6.09 cfs, during the irrigation season and a domestic and stockwatering right of 3 cfs the rest of the year. It also has a right to the pro rata share from half the high water from Cedar Creek.</p> <p>Since the 1980s project was only recently paid off, the rights are still in the name of the board.</p>
EASEMENTS:	<p>The pond site is on private property. The pipeline will also be installed on private ground, primarily along existing ditches.</p>

ENVIRONMENTAL: Since the project will be constructed on previously disturbed ground, no long-term environmental impacts are foreseen.

WATER
CONSERVATION: The project will develop approximately 400 acre-feet annually which will be used throughout the system.

SPONSOR'S
RESPONSIBILITIES: If the board authorizes the proposed project, the sponsor must do the following before construction can begin:

1. Obtain all easements, rights-of-way, and permits required to construct, operate, and maintain the project.
2. Pass a resolution by the appropriate (as defined in the company's Articles of Incorporation and Bylaws) majority of company stock authorizing its officers to do the following:
 - a. Assign properties and easements required for the project to the Board of Water Resources.
 - b. Enter into a contract with the Board of Water Resources for construction of the project and subsequent purchase from the Board.
3. Have an attorney give the Board of Water Resources a written legal opinion that:
 - a. The company is legally incorporated for at least the term of the purchase contract and is in good standing with the state Department of Commerce.
 - b. The company has legally passed the above resolution in accordance with the requirements of state law and the company's Articles of Incorporation and Bylaws.
 - c. The company has obtained all permits required for the project.
4. Have an attorney give the Board of Water Resources a written legal opinion that the company owns all easements and rights-of-way for the project,

as well as the land on which the project is located, and that title to these easements, rights-of-way, and the project itself can be legally transferred to the Board.

In lieu of an attorney's opinion, the company may obtain a title insurance policy in the name of the Board of Water Resources for the easements, rights-of-way, and land necessary for the project.

5. Obtain approval of final plans and specifications from the Division of Water Resources.

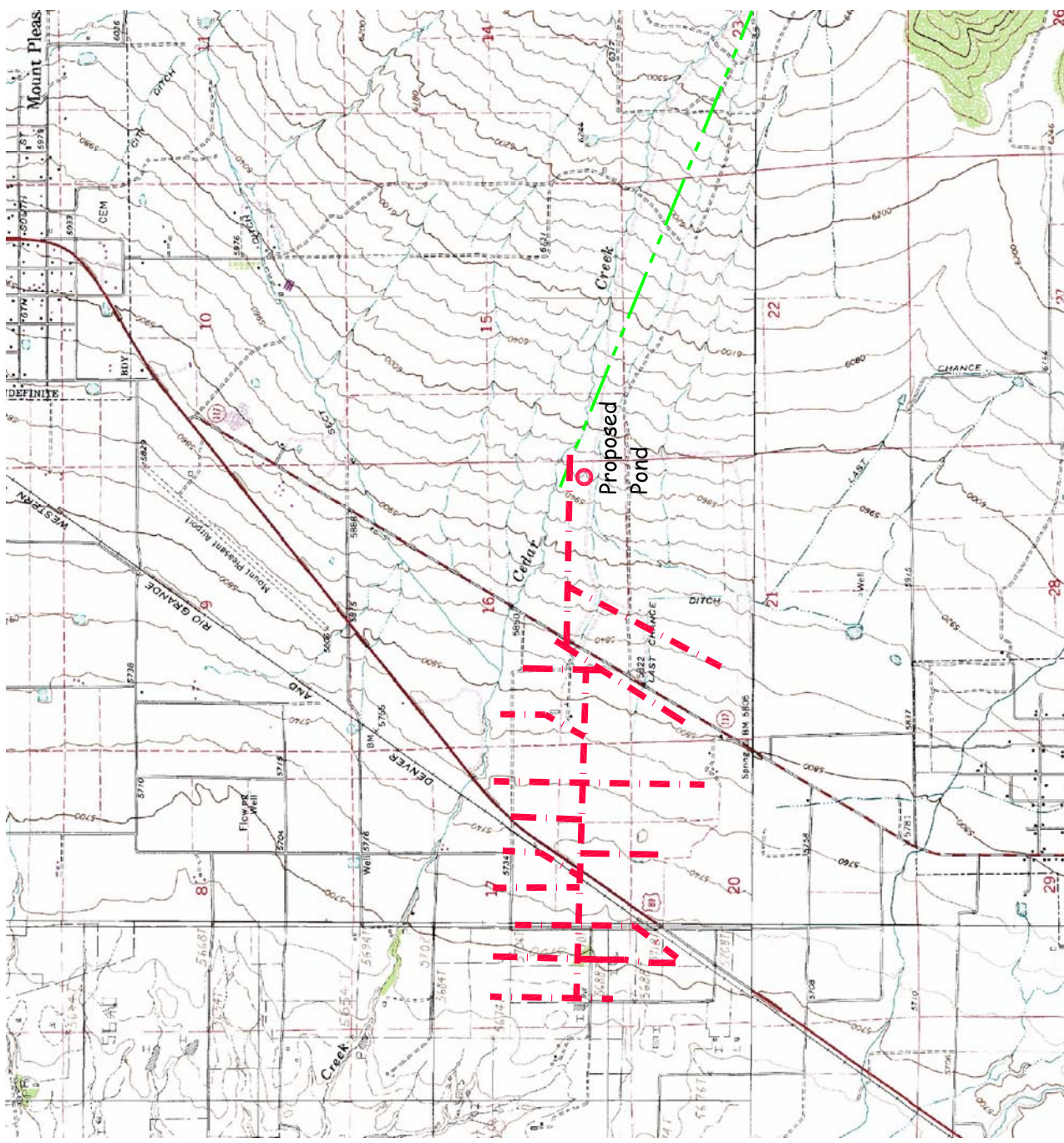
6. Prepare a water management and conservation plan for its service area, and obtain approval of it from the Division of Water Resources.

PROJECT	President:	Mark Ray Sorensen
CONTACT		P.O. Box 113
PEOPLE:		Spring City, UT 84662
		Phone: (435) 462-3010
	Secretary:	Neil D. Sorensen
		P.O. Box 115
		Spring City, UT 84662
		Phone: (435) 462-3007
	Engineer:	NRCS
		50 South Main, Suite #3
		Manti, UT 84642
		Phone: (435) 835-4171

CEDAR CREEK IRRIGATION COMPANY

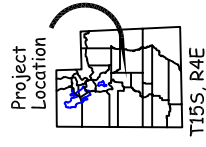
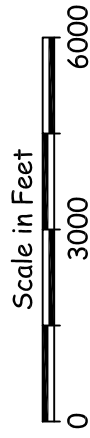
Proposed Pressurized Irrigation System

Sanpete County



Proposed
Irrigation System

Existing
Pipeline



BOARD OF WATER RESOURCES

Committal of Funds

Revolving Construction Fund

Appl. No.: **E-132**
Received: 2/4/04
Approved: 3/11/04
Authorized: 8/13/04

To be Presented at the December 10, 2004 Board Meeting

SPONSOR: **LEEDS WATER COMPANY**

President: Ned Sullivan
P.O. Box 460970
Leeds, UT 84746
Phone: (435) 879-2589

LOCATION: The proposed project is located west of and within the town of Leeds, about 16 miles northeast of St. George in Washington County.

PROJECT SUMMARY: The board authorized a project to replace the sponsor's two miles of unlined transmission ditch (carrying irrigation water to 190 agricultural acres and 70 acres of lawns and gardens in and around Leeds) with 12-inch pipe, and install approximately five miles of 12 through 4-inch pipeline in town to provide pressurized irrigation.

The transmission ditch runs past the historic Silver Reef area and some of its residents have voiced concern regarding impacts of the proposed pipeline project. Water Resources board members, water company officials, the project engineer, and several concerned residents have met to discuss the project.

The company feels individual shareholders may be willing to sell a limited number of water shares to Silver Reef residents once the project is operational. If shares are purchased, the sponsor will provide a pipeline turnout so existing trees can

be watered along selected stretches of the old ditch. As with all company shareholders, those in the Silver Reef area would be responsible for installing pipelines from the turnout throughout the areas to be irrigated.

Before water could be used in the Silver Reef area, the State Engineer would have to approve a change in place of use application (which the company states it is willing to file), and a corresponding number of acres retired in the sponsor's adjudicated area.

COST ESTIMATE
& SHARING:

The proposed cost estimate and sharing remain the same as authorized:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$697,000	85%
Sponsor	<u>123,000</u>	<u>15</u>
TOTAL	\$820,000	100%

PURCHASE
AGREEMENT:

If the board commits funds to the project, it is proposed the purchase agreement remain as authorized: the project will be purchased at 0% interest over approximately 20 years with annual payments of \$35,000 through 2020, and \$38,600 from 2021 through the end of the purchase period.

STAFF
COMMENTS:

The sponsor is requesting the board commit funds at this time so the project will have the best chance of being completed prior to the coming irrigation season. Company officials have accomplished the majority of requirements listed in the feasibility report and anticipate all will be completed well in advance of the board's January, 2005, meeting.

The contractual agreement between the state and water company will not be executed until all requirements have been completed.

BOARD OF WATER RESOURCES

Special Item

Bond Amendment - Modify Repayment Terms

Cities Water Loan Fund

Appl. No.: **D-983**
Received: 7/13/98
Approved: 7/17/98
Authorized: 10/30/98
Reauthorized: 4/19/02
Committed: 12/20/02

To be Presented at the December 10, 2004 Board Meeting

SPONSOR: **HANNA WATER & SEWER DISTRICT**

Chairman: Mac Reber
P.O. Box 465
Tabiona, UT 84072
Phone: (435) 848-5610

LOCATION: The project is located in and around Hanna and Tabiona, about 24 miles northwest of Duchesne in Duchesne County.

SUMMARY: In early 2003 the board purchased a Water Revenue bond from the sponsor to help fund a culinary water system for Hanna and Tabiona consisting of the drilling and equipping of a deep well, construction of a 650,000 gallon tank, and installation of about 23 miles of transmission and distribution pipeline, fire hydrants, service connections, and appurtenances. Construction was completed at a total cost of about \$4.6 million, of which the board provided \$1.371 million to be repaid in 25 years at 0% interest with annual payments ranging from approximately \$46,000 to \$65,000.

Prior to completion of the project the sponsor, which has existed since 1979, did not serve any customers with water or sewer service; it currently provides

only water. The sponsor has 249 connections; the board required a minimum of 245 before it would commit funds.

In addition to the board loan, the sponsor received funding from the Community Impact Board (\$725,500 grant and \$725,500 loan @ 2.5%, 20 years) and USDA Rural Development (\$1,107,000 grant and \$373,000 loan @ 4.5%, 40 years). Although the sponsor has taxing authority with Duchesne County and assesses at the maximum rate (but bringing in only \$11,800/year), plus has the connections, there is an inadequate number of active connections and the sponsor is not selling enough water to make its payments to the three lending agencies. Specifically there are:

<u>User Category</u>	<u>No. of Users</u>	<u>Minimum Monthly Payment</u>	<u>Months/Year</u>
Active	61	\$ 41	12
Seasonal	11	41	6
Standby ¹	95	10	12
Standby ²	68	0	12
Individual ³	14	0	12
Individual ⁴	46	--	--

¹ Have meter or bought connection, but not taking water

² Provided water sources or easements

³ No service line or meter yet

⁴ Have own wells: don't want sponsor water

SPONSOR'S
REQUEST:

The sponsor's annual income and expenses have until recently been:

Water Sales	\$ 39,700
Tax Revenue	11,800
O & M	(46,000)
Loan Payments	<u>(113,000)</u>
NET INCOME	\$ (107,500)

With the sponsor having eliminated the "Seasonal" user category and grouping it with "Active", and having restructured water rates, annual income and expenses now are:

Water Sales	\$ 72,500
New Active Connections (6)	26,600
Tax Revenue	11,800
O & M	(46,000)
Loan Payments	<u>(113,000)</u>
NET INCOME	\$ (48,100)

To reduce this deficit to \$0, the sponsor requests both the CIB and Board of Water Resources modify their loans' repayment terms (USDA Rural Development states its 40-year repayment period cannot be extended, and its 4.5% interest rate cannot be changed). Specifically the sponsor requests the:

CIB reduce its loan interest rate to 0%, extend the repayment period to 35 years, defer the next three payments and resume them in 2008, and reduce debt service coverage from a current 125%, down to 100%.

USDA defer its next 1-2 payments.

Board of Water Resources extend its loan repayment period to 35 years, defer the next three payments and resume them in 2008, and reduce debt service coverage from a current 125%, down to 100%.

STAFF
RECOMMENDATION: Staff recommends the repayment period on the board's bond be extended to 35 years, that no payment be required in 2005, 2006, or 2007, and that debt service coverage be reduced to 100%. With one payment having been made in 2004, the board loan balance of \$1.325 million will be repaid in 34 years at 0% interest with annual payments as follows:

<u>Year</u>	<u>Pymt.</u>	<u>Year</u>	<u>Pymt.</u>	<u>Year</u>	<u>Pymt.</u>	<u>Year</u>	<u>Pymt.</u>	<u>Year</u>	<u>Pymt.</u>
2008	\$15,000	2015	\$19,000	2022	\$33,000	2029	\$47,000	2036	\$61,000
2009	15,000	2016	21,000	2023	35,000	2030	49,000	2037	63,000
2010	15,000	2017	23,000	2024	37,000	2031	51,000	2038	65,000
2011	16,000	2018	25,000	2025	39,000	2032	53,000	2039	67,000
2012	16,000	2019	27,000	2026	41,000	2033	55,000	2040	69,000
2013	17,000	2020	29,000	2027	43,000	2034	57,000	2041	70,000
2014	17,000	2021	31,000	2028	45,000	2035	59,000		

Implementation of these changes will require the district and its bond counsel to work with the board's bond counsel in revising the existing bond.

STAFF
COMMENT: Even if both the board and the CIB approve the sponsor's requested changes, the cost of water to current and future residents will still exceed the board's affordability amount beginning in 2008.

BOARD OF WATER RESOURCES

Special Item

Contract Amendment - Payments Deferral

Revolving Construction Fund

Appl. No.: **E-062**

Received: 10/19/01

Approved: 11/2/01

Authorized: 4/19/02

Committed: 10/31/03

To be Presented at the December 10, 2004 Board Meeting

SPONSOR: ***PORCUPINE HIGHLINE CANAL COMPANY***

President: Gary L. Clawson
375 South 800 East
Hyrum, UT 84319
Phone: (435) 245-6566

LOCATION: The project is located about four miles southeast of Paradise Town, which is about 11 miles south of Logan in Cache County.

SUMMARY: The board committed \$112,000 (85%) to the sponsor to help replace a freestanding concrete section of irrigation canal, which traverses a steep and rocky hillside, with 48-inch polyethylene pipe. Because of difficult weather conditions in fall, 2003, and this last spring, the start of construction was delayed until last month.

STAFF
RECOMMENDATION: The sponsor's first payment to the board, in the amount of \$6,000, is due December 1, 2004. Because of the construction delay, staff recommends the board postpone this year's payment one year and make all remaining payments to the board due one year later than presently required.

BOARD OF WATER RESOURCES

Special Item

Application Summary, Feasibility Report, and Committal of Funds

Conservation and Development Fund

Appl. No.: **E-156**

Received: 11/23/04

To be Presented at the December 10, 2004 Board Meeting

SPONSOR: **PAYSON CITY**

Mayor: Bernell C. Evans
439 West Utah Avenue
Payson, UT 84651
Phone: (801) 465-5207

LOCATION: Payson City is located 15 miles south of Provo in Utah County. It was incorporated in 1853 and has an estimated population of 14,000.

SUMMARY: Payson wants to buy land in Payson Canyon known as the Four Bay property. This property provides many benefits to the city including preservation of its culinary and pressurized irrigation systems, spring and well culinary water sources, and land for construction of a culinary water storage tank that would provide water to the east side of town.

Many culinary water meters in the established part of town are old and a mixture of a number of different brands. The city would like to replace 2,750 old meters with radio-read meters which will allow readers to drive a vehicle with a laptop computer inside which reads the meters via radio frequency as they are passed. The new meters will be read monthly, whereas existing meters are only read semiannually. Future equipment and software installation could also allow the city to read the new meters from a central office location.

The new meter project will provide more accurate and uniform billing, increase reading efficiency, allow earlier leak detection, reduce water waste, and allow implementation of a billing system that will provide incentives to customers who make an effort to conserve water.

The city is planning to sell a \$9.6 million bond, approximately \$7.1 million (74%) of which will be for the meter project and the remaining \$2.5 million to refinance existing debt.

REQUEST:

The city is requesting the board provide a grant of \$74,000 to purchase bond insurance, which is 74% of the total cost of obtaining bond insurance and bond rating for the entire bond issue. The insurance will reduce the interest rate about 0.15% (from 4.64% down to 4.49%) and save the city approximately \$120,000 in principal and interest payments over the bond's 25-year repayment period.

ECONOMIC
FEASIBILITY:

The benefit/cost ratio is assumed to be 1.0.

BOARD OF WATER RESOURCES

Special Item

Application Summary, Feasibility Report, and Committal of Funds

Conservation and Development Fund

Appl. No.: **E-157**

Received: 11/23/04

To be Presented at the December 10, 2004 Board Meeting

SPONSOR: ***METROPOLITAN WATER DISTRICT OF SALT LAKE
AND SANDY***

Chair: Fredrick A. Moreton, Jr.
3430 E. Danish Road
Sandy, UT 84093
Phone: (801) 942-1391

LOCATION: The sponsor provides municipal water to Salt Lake City and Sandy City.

SUMMARY: The sponsor provides up to 50% of the total water supply of Salt Lake City and up to 75% of the water supply of Sandy City, and delivered approximately 60,000 acre-feet to its two member cities in the last year. The combined population of the two cities is approximately 275,000.

In March of this year the Board provided a grant of \$500,000 to the district to purchase bond insurance for a \$90 million bond issue to fund Phase I of a major water development and improvement project (described below). The district is ready to move ahead with Phase II and will issue another \$90 million bond later this month or early next month.

The sponsor is continuing the construction of three major, multifaceted municipal water projects that will allow it to increase its capacity to treat and transport water and will provide needed redundancy for all water deliveries in the Salt Lake Valley. The projects are:

- The *Point of the Mountain Water Treatment Plant* (POMWTP) and Aqueduct unit will be designed to convey water from the Provo Reservoir Canal or the Jordan Aqueduct (JA) to the POMWTP, from the POMWTP to the Little Cottonwood Water Treatment Plant (LCWTP) and Aqueduct, and to a number of delivery points between these locations. The system will operate both south to north from the POMWTP, and north to south from the LCWTP. The capacity of the system is expected to grow over the next 25 years from 70 mgd initially to an ultimate capacity of 151 mgd.
- The *15000 South Pipeline* unit will provide a connection between the JA, of which the sponsor has 2/7ths capacity, to the Point of the Mountain Aqueduct. This connection will allow water to flow east or west from each aqueduct. The projects include the recently completed 15000 South Pipeline, the 15000 South Pump Station, and the 15000 South Pipeline Extension to the POMWTP.
- The *Little Cottonwood Water Treatment Plant Expansion* unit (LCWTP) will modify the headworks of the LCWTP to expand the capacity from 113 mgd to 150 mgd. Improvements include a new diversion from Little Cottonwood Creek, grit basin, screening facilities, ozone facilities to provide for disinfection and taste and odor control, new flash mix, and various hydraulic improvements.

The sponsor is financing the work with two, \$90 million bonds; it sold the first bond in March.

REQUEST:

The sponsor is requesting the board provide a grant of \$450,000 to buy bond insurance for the January, 2005 bond. The insurance will reduce the interest rate about 0.25% and save the sponsor approximately \$2.5 million in interest payments over the bond's 30-year repayment period. The effective interest rate is estimated to be 4.25%.

ECONOMIC
FEASIBILITY:

The benefit/cost ratio is assumed to be 1.0.

BOARD OF WATER RESOURCES

Dam Safety Report

Construction Funding

Contract Amendment - Additional Funds

Appl. No.: **C-022**
Committed: 6/14/02
Amended: 7/9/04

To be Presented at the December 10, 2004 Board Meeting

SPONSOR: ***PIUTE RESERVOIR & IRRIGATION COMPANY***

President: Kurt Sorenson
280 S 100 W
Centerfield, UT 84622
Phone: (435) 528-7837

LOCATION: Piute Dam is located about six miles north of
Junction in Piute County.

SUMMARY: The sponsor completed Phase I of the dam safety
upgrade of Piute Dam, which consisted of stabilizing
the embankment and upgrading the outlet works, and is
currently accomplishing Phases II and III, which
consist of reconstructing the dam's drainage system
and constructing an emergency spillway, respectively.

During construction of the emergency spillway,
permeable granular material was encountered and a
sheetpile cutoff wall had to be built, which
increased the cost of the upgrade.

COSTS & COST SHARING: The estimated cost of the additional work is
\$150,000. The committed and proposed cost sharing
are:

<u>Agency</u>	<u>Committed Cost Sharing</u>	<u>Proposed Cost Sharing</u>	<u>% of Total</u>
BWRe - Grant	\$ 7,932,500	\$ 8,075,000	95%
BWRe - Loan	<u>442,500</u>	<u>450,000</u>	<u>5</u>
TOTAL	\$ 8,375,000	\$ 8,525,000	100%

The sponsor's current agreement with the board states the \$442,500 will be returned at 0% interest over approximately 21 years with annual payments of \$22,000. If the board commits additional funds, staff recommends the agreement be amended to provide an additional \$7,500 and to state the \$450,000 will be returned at 0% interest over approximately 21 years with annual payments of \$22,000.

BOARD OF WATER RESOURCES

Application Summary

Appl. No. ***E-158***

Received: 11/23/04

SPONSOR: ***VERNON IRRIGATION COMPANY***

President: James R. Gowans
240 South 200 West
Tooele, UT 84074
Phone: (435) 882-2120

LOCATION: The proposed project is located seven miles from the Town of Vernon, which is about 30 miles south of Tooele in Tooele County.

PROPOSED PROJECT: The sponsor is requesting assistance to replace 2,000 feet of pipeline that carries water from Vernon Dam and Reservoir to the town's pressurized irrigation system, and to install additional riprap on the dam.

WATER RIGHTS: 15-93, 2287, and 3076

COST ESTIMATE: \$50,000

BOARD OF WATER RESOURCES

Application Summary

Appl. No. **L-549**

Received: 11/15/04

SPONSOR: ***ELWOOD TOWN***

Mayor:

Greg Iverson

4955 West 8000 North

Tremonton, UT 84337

Phone: (435) 279-8473

LOCATION: The proposed project is located in the Elwood and Honeyville areas, about 12 miles north of Brigham City in Box Elder County.

PROPOSED PROJECT: The town is requesting assistance to improve its culinary water system by constructing a half-million gallon storage tank, and installing four miles of transmission and distribution pipeline to replace steel lines over 50 years old.

WATER RIGHTS: 29-1196, 2145, 2185, and 3773

COST ESTIMATE: \$950,000

Unapproved
BOARD OF WATER RESOURCES
BRIEFING MEETING
November 5, 2004

Room 314
Department of Natural Resources Building
1594 West North Temple
Salt Lake City, Utah

BOARD OF WATER RESOURCES
BRIEFING MEETING
November 5, 2004

The Board of Water Resources held a Briefing Meeting on November 5, 2004 at 9:30 a.m. in Room 314 of the Department of Natural Resources Building, 1594 West North Temple, Salt Lake City, Utah.

The following were in attendance:

BOARD OF WATER RESOURCES:

Harold Shirley, Chair
Ivan Flint, Vice-Chair
Brad Hancock
Bill Marcovecchio
Warren Peterson
George Harmond, Jr.

DIVISION STAFF:

D. Larry Anderson, Director
Dennis Strong, Deputy Director
Eric Millis, Asst. Director
Steve Wilde, Chief, Investigations
Todd Adams, Chief, Hydrology and Computer Applications
Geralee Murdock, Administrative Secretary

Board Chair, Harold Shirley welcomed everyone to the meeting.

CHAIR'S REPORT

Director Anderson told the Board Paul Riley was absent as he recently had open-heart surgery. Mr. Anderson had visited him in the hospital and Mr. Riley was doing well. He said Paul McPherson was out of town and would also not be attending the meetings.

Harold Shirley reported he and Dennis Strong had recently visited the Piute Dam, and the repairs were coming along quite well.

Todd Adams said that during the heavy rains last week the Virgin River had a peak flow of 8,000 second feet. That is only a 1-5 year flood occurrence on the river. The Washington County Water Conservancy District (WCWCD) has the ability to divert 200 second feet in its pipeline. Director Anderson said Gunlock Reservoir is full at the present time.

Director Anderson asked Ivan Flint to report on the Water Delivery Financing Task Force. Mr. Flint said Governor Walker met with Ron Thompson of the WCWCD and representatives of southwestern Utah to discuss the Lake Powell Pipeline Project. The suggestion was made the Governor form a task force to figure out how to fund the Lake Powell Pipeline. Mr. Flint reminded them of the Bear River Development project and suggested both projects be funded at the same time. Both the Governor and Lt. Governor agreed it would be good to work on both of them together and the task force should only consider those two projects. Ron Thompson of the WCWCD will suggest names from southwestern Utah and Mr. Flint will suggest names from northern Utah to serve on the task force. Mr. Flint said they came up with 26 names, however, the Governor wants the group to be no larger than 14-16 people.

Dennis Strong said in 1991 the legislature passed the Bear River Water Development Act. The Act does not say how the money is going to be made available, and Mr. Strong feels a combined effort with the Lake Powell Pipeline is a good idea.

Director Anderson said Ivan Flint represented the Board at a Quality Growth luncheon. Ivan Flint said there were many awards given to municipalities, cities, etc. The Governor complimented everyone. The Board put the Quality Growth Community as a priority for funding and the Governor thanked the Board for doing that.

ACTIONS OF THE WATER STUDY TASK FORCE

The Task Force has developed three bills dealing with the power of the State Engineer and water rights issues. These bills will be on the agenda of the Interim Committee that meets next Wednesday. There will also be a report on the water conservation plans that are current and the ones that are delinquent. Director Anderson said he would be making the presentation. There will be a list of everyone who has completed the requirements and everyone that has not. The quality of the reports have improved, but there is still room for improvement.

DISCUSSION OF PROJECTS

Santaquin City

Steve Wilde said Santaquin City wants to build a pressurized secondary irrigation system for \$10.4 million. The Central Utah Water Conservancy District is providing a \$5 million grant over a three-year period. Staff is proposing an interest-buydown arrangement. The city will get a market loan for \$3.6 million and the Board is requested to provide \$1 million at 3% interest. Both the market loan and the Board loan will be paid back concurrently in 25 years.

Willow Creek Irrigation Company

Mr. Wilde said the b/c ratio was changed based on information provided after the September Board meeting, to staff economist Lyle Summers by the company's engineer. The engineer did not have access to this information at the September meeting when the project was first presented. Warren Peterson had five questions he wanted answered before this project was returned to the Board. Staff has worked with Warren to make sure he was satisfied with what the sponsor and Axtell Community Special Service District had done in addressing these concerns.

City of West Jordan

Mr. Wilde said West Jordan is requesting a grant to buy bond insurance. Director Anderson said the Board is required by law to provide 10% of its funds per year as a grant. He said most years it's hard to meet that requirement.

DAM SAFETY

Huntington-Cleveland Irrigation Company

Dennis Strong said the irrigation company is requesting a 90% grant and a 10% loan to fix a construction problem. The material for the pipe downstream of the dam outlet structure was not compacted properly and it failed. The Division has provided the engineer to fix the problem. The estimated cost of the repair is \$10,000.

Town of Brian Head

Dennis Strong reported the Town of Brian Head is requesting a withdrawal of its payment as it was able to get a market loan for less interest than the Board's 5%.

OTHER ITEMS

Dennis Strong said there would be three dams requesting dam safety funds in the next fiscal year. They are Mill Hollow, Miller Flat and Three Creeks.

Meeting adjourned at 11:35 a.m.

Unapproved
MINUTES OF THE
BOARD OF WATER RESOURCES MEETING
November 5, 2004

Auditorium
Department of Natural Resources Building
1594 West North Temple
Salt Lake City, Utah

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SUMMARY OF BOARD ACTIONS

1. The Minutes of the November 5, 2004 Board meetings were approved with suggested changes. Page 1
2. The Santaquin City project was authorized in the amount of \$1 million to be repaid at 3% interest over 25 years. The bonded indebtedness to the Board will be repaid concurrently with the city's market loan. Page 2
3. The Board authorized the Willow Creek Irrigation Company project in the amount of \$1.048 million to be purchased in 25 years at 1% interest with annual payments ranging from approximately \$45,100 to \$50,600. The company is also to become incorporated again with all of its former shareholders or successors as current shareholders. If there are any holdouts, an agreement must be signed to allow their appropriate participation in use of the company's facilities. A copy of the agreement with Axtell Community Special Service District must be provided to the Board, stating the payments must be made as recommended for the duration of the agreement between the company and the Board. Page 3
4. The Board granted the City of West Jordan \$25,000 to buy bond insurance. Page 3
5. The Town of Brian Head project was decommitted and withdrawn from further consideration by the Board. Page 3
6. The Board provided a dam safety grant in the amount of \$9,000 and a loan of \$1,000 to the Huntington-Cleveland Irrigation Company. Page 4

THOSE PRESENT

The Utah BOARD OF WATER RESOURCES met in regular session on Friday, November 5, 2004 in the Auditorium of the Department of Natural Resources Building, 1594 West North Temple, Salt Lake City, Utah. Chair Harold Shirley presided over the 1:00 p.m. meeting.

BOARD MEMBERS PRESENT:

Harold Shirley
Ivan Flint
Bill Marcovecchio
Brad Hancock
Warren Peterson
George Harmond, Jr.

STAFF MEMBERS PRESENT:

D. Larry Anderson, Director
Dennis Strong, Deputy Director
Eric Millis, Asst. Director
Randy Staker, Accountant
Steve Wilde, Chief, Investigations
Eric Klotz, Chief, Water Cons./Education and Use
Todd Adams, Chief, Hydrology and Computer Applications
Val Anderson, Engineer
Tom Cox, Engineer
Russell Hadley, Engineer
Marisa Egbert, Engineer
Dave Cole, Cloud Seeding Coordinator
Molly Waters, Water Conservation Coordinator
Geralee Murdock, Administrative Secretary

OTHERS PRESENT:

Sherm Hoskins, Deputy Director, Department of Natural Resources
Jerry Olds, State Engineer, Division of Water Rights
Mark Anderson, Asst. General Manager, Weber Basin Water Conservancy District
Darren Hess, Civil Engineer, Weber Basin WCD
Jason Lillywhite, Engineer, CH2M Hill

OTHERS PRESENT CONT'D:

A. LaDue Scovill, Mayor, Santaquin City
Shon Fullmer, City Engineer, Santaquin City
Stefan Chatwin, City Manager, Santaquin City
Larry Perkins, J-U-B Engineers
Jonathan Wass, Asst. Vice President, Zions Bank Personal Finance

A. Quay Mecham, President, Willow Creek Irrigation Company
Karl Humphrey, Board Secretary, Willow Creek Irrigation Company
Travis Blackburn, President, Axtell Special Service District
Eric Franson, Franson Noble Engineering

Lyle Summers, Council Member, City of West Jordan
Devin Zobell, Finance Director, City of West Jordan
John Crandall, Executive Vice President, George K. Baum & Co.

MINUTES OF THE
BOARD OF WATER RESOURCES MEETING
November 5, 2004

Chair Shirley welcomed everyone to the meeting

APPROVAL OF THE MINUTES

Warren Peterson made the motion, seconded by Brad Hancock to approve the minutes of the September 23, and 24, 2004 meetings with suggested changes. The Board agreed unanimously.

CHAIR'S REPORT

Chair Shirley stated he and Deputy Director, Dennis Strong, visited the Piute Dam and observed the unique construction of the dam.

WATER SUPPLY OUTLOOK

Randy Julander reported with the recent storms the water supply outlook is looking good. Reservoir storage throughout the state is about the same as it was last year. The recent storm in southern Utah was phenomenal. In Santa Clara they received ten inches of precipitation in a 48 hour period. If there are no more storms until mid-January southern Utah will be at approximately average conditions. Precipitation throughout the rest of the state is three or four times greater than what it would be normally. The soil is saturated and this will be great for runoff in the spring. Drought monitors, however, say the west is still in drought conditions.

FEASIBILITY REPORTS

#E147 Santaquin City

Chair Shirley introduced LaDue Scovill, Mayor; Shon Fullmer, City Engineer; Stefan Chatwin, City Manager; Johnathan Wass, Zions Bank; Larry Perkins, J-U-B Engineers. Val Anderson reported Santaquin City supplies culinary water from springs and wells to 1,810 connections, most of which use it both inside and outside. Due to the city's rapid growth rate the culinary system runs at capacity in the summer.

The city passed an ordinance requiring all new developments to have pressurized irrigation pipelines installed. This past year the city spent \$200,000 for a feasibility study of a secondary irrigation system and installation of secondary irrigation pipeline. The city's

requesting financial assistance to help construct a pressurized irrigation system initially to serve about 1,600 connections. Staff is also recommending the city install 25 water meters to be used on a trial basis to assess their workability in the system.

The project is estimated to cost \$10.4 million. Staff is recommending the Board participate in an interest-rate buydown at a total of \$1 million to be repaid concurrently with the sponsor's market loan. The city has also applied to the Central Utah Water Conservancy District for a \$5 million grant.

The benefit/cost ratio for the project is 1.67. Based on the Board's water service affordability guidelines, Santaquin City residents can afford to pay \$40.8 monthly for all water. With the proposed project in place the cost/connection/month will be \$40.86. At present the city has summer and winter culinary water rates. The city will eliminate its winter rates and adopt a more progressive culinary rate schedule once the project is functional. The proposed connection fee is \$200 at time of construction, and \$2,000 afterward.

Mayor Scovill stated Santaquin is growing and the growth rate has been as high as 13% during the last four years. He said the city is anticipating probably 400 homes to begin construction this next spring and there is a potential of 2,500 homes in total in that particular project. He said their challenge is to meet the culinary requirements of the city and, growing at the rate they're growing, they will not be able to provide culinary water for outdoor use.

George Harmond, Jr. asked the mayor if the secondary system would be installed throughout the city as well as in new developments. Mayor Scovill said yes. He said the city didn't presently have a policy requiring everyone to hook up to the system.

Bill Marcovecchio made the motion to authorize the Santaquin City project with an interest rate buydown in the amount of \$1 million to be repaid at 3% interest over 25 years. The bonded indebtedness to the Board will be repaid concurrently with the city's market loan. Brad Hancock seconded the motion and the Board agreed unanimously.

#E149 Willow Creek Irrigation Company

Chair Shirley introduced Quay Mechem, president of the irrigation company; Travis Blackburn, president of Axtell Community Special Service District; Karl Humphrey, secretary of the irrigation company; and Eric Franson from Franson Noble Engineering. Russell Hadley reported the irrigation company supplies irrigation water to about 790 agricultural acres and limited lawn and garden water to 88 homes in Axtell. The company is requesting financial assistance to construct a pressurized irrigation system to serve 1,200 acres of farmland, Axtell's existing 88 homes, and 29 additional homes projected to be constructed in the next 25 years.

Axtell Community Special Service District has made an agreement with the irrigation company wherein the company will supply the irrigation water and construct the pressurized sprinkler system, and Axtell will help repay the Board's financial assistance of \$1.048 million.

Warren Peterson said he had talked with Eric Franson, engineer; and Shawn Draney, the company's lawyer and feels comfortable with how the conditions are being met. Mr. Peterson made the motion to authorize the Willow Creek Irrigation Company project in the amount of \$1.048 million to be purchased in 25 years at 1% interest with annual payments ranging from approximately \$45,100 to \$50,600 and with the conditions established in the sponsor's responsibilities portion of the feasibility report. The company is also to become incorporated again with all of its former shareholders or successors as current shareholders. If there are any holdouts, an agreement must be signed to allow their appropriate participation in use of the company's facilities. A copy of the agreement with Axtell Community Special Service District must be provided to the Board, stating the payments must be made as recommended for the duration of the agreement between the company and the Board. George Harmond, Jr. seconded the motion and the Board agreed unanimously.

SPECIAL ITEMS

#E-154 City of West Jordan

Chair Shirley introduced John Crandall, David Zobell and Lyle Summers. Dennis Strong reported West Jordan City is growing rapidly and the population has more than doubled since 1988. The city wants to install radio-read water meters which will allow readers to drive a vehicle with a laptop computer inside which reads the meters via radio frequency. The city is going to issue one series of bonds for \$2.6 million to fund the installation. It is requesting \$25,000 from the Board to buy bond insurance.

Lyle Summers explained about seven years ago the city of West Jordan created its first Water Conservation Plan and one of the measures of the plan was to replace all of the old meters. He said they recently found out the manufacturer had discounted the price of these radio-read meters and the city would be able to purchase and install them.

Bill Marcovecchio made the motion to grant the City of West Jordan \$25,000 to buy bond insurance. George Harmond, Jr. seconded the motion and it was unanimously agreed upon by the Board.

#L541 Town of Brian Head

The Board committed \$1.7 million to the Town of Brian Head to help upgrade and improve its culinary water system. The town received a lower interest rate on the open market, has completed the project, and does not need Board funding.

Warren Peterson made the motion to decommit the \$1.7 million and withdraw the Town of Brian Head from further consideration by the Board. George Harmond, Jr. seconded the motion and the Board agreed unanimously.

DAM SAFETY

#C-024 Huntington-Cleveland Irrigation Company

Dennis Strong reported in 1997 the Board approved a grant of \$168,300 and a loan of \$18,700 to upgrade the Huntington Dam to meet current state dam safety standards. At the State Engineer's inspection of the dam this fall, it was determined the pipe downstream of the dam outlet structure had failed at its connection to the energy dissipater box, and although no immediate danger exists, water cannot be released until the problem is repaired. The State Engineer's Office determined the failure is a result of the dam safety repairs and the company is eligible for dam safety funds.

George Harmond, Jr. made the motion to grant the Huntington-Cleveland Irrigation Company 90% of the cost up to \$9,000 and a loan of \$1,000 to make the current repair. Warren Peterson seconded the motion and it was unanimously agreed upon by the Board.

DIRECTOR'S REPORT

Director Anderson asked Molly Waters of the Water Conservation Section to report on the communities not in compliance with the Water Conservation Plan Act. This same report will be presented by Director Anderson to the Interim Committee. Ms. Waters gave the history of the Water Conservation Plan Act and said they had held workshops, on-site visits, planning lectures at all major water conferences, and made materials available on-line to managers that would help them write their Plans, etc. to help improve the quality of the Plans. The year 2004 is the year the plans are coming due for their 5-year update and at this time there are 103 agencies in compliance, 27 agencies are overdue with their update and 17 agencies are non-compliant. Warren Peterson reminded the Board one of the amendments to the bill was that systems with less than 500 connections do not need to submit a plan. It should also be noted the Board has required plans from everybody since 1995 that has come to the Board for funding.

Director Anderson then asked Todd Adams to report on this year's cloud seeding program. Mr. Adams said last year they ended up spending \$377,800 for the cloud seeding project and the Board contributed about 37.7%. This year the projects that have expressed interest are the Central and Southern Utah areas including Tooele County, Western Uinta Mountains, Box Elder and Cache Counties, and the Uinta Basin. The Emery Research Project will also be running three of their generators. Mr. Adams said this years project will be a little bit over \$400,000 with the Board's cost share of \$150,000.

Director Anderson said in the Board folder there is a copy of a letter sent to the Lower Basin States from the Upper Basin States requesting a time to meet to discuss what the Upper Colorado River Basin States allocation is under the Mexican Water Treaty. He said there is also a chart prepared by the Bureau of Reclamation in the Board folder showing a cross section of the salinity levels in Lake Powell from 1965 to the present time at Wahweap Marina. The concern has been that as Lake Powell begins to drop in elevation high saline waters would be released to

the Lower Basin States. This has not happened; the salinity level has been slightly elevated, but not what was anticipated.

Mr. Anderson also showed the Board the obituary of Representative Mike Noel's grandson who was killed in an automobile accident.

NEXT BOARD MEETING

The next Briefing Meeting will be at 7 a.m. in Room 314 on December 10, 2004. The Board meeting will be held at 9:30 a.m. in the Auditorium of the Department of Natural Resources Building. The Board and Division Lion House luncheon will be held at 1:00 p.m. the same day.

Meeting adjourned at 2:30 p.m.

Board of Water Resources
Tour of Garfield County
9/23/04

Attendees:

Larry Anderson, Director
Dennis Strong, Deputy Director
Connie Strong
Eric Millis, Asst. Director
Lynn Millis
Steve Wilde, Chief, Investigations
Laura Wilde
Tom Cox, Engineer
Marisa Egbert, Engineer
Ben Everitt, Geologist
Randy Staker, Accountant
Geralee Murdock, Administrative Secretary
Sherm Hoskins, Deputy Director, Department of Natural Resources
Marsha Hoskins
Brian Allred, Legislative Analyst
Terrah DeGiulio, Gov. Office of Planning and Budget
Harold and Diane Shirley
Ivan and Marlene Flint
Paul and Judy McPherson
Paul and Dorothy Riley
Brad Hancock
Bill Marcovecchio
Allen Henrie – City Manager, Panguitch City

At 8:00 a.m. the Board Members and Staff along with Panguitch City Manager, Allen Henrie, left Ruby's Inn at Bryce, Utah, traveling in three vans to Escalante. From Escalante the vans traveled over Hells Backbone where they stopped at a bridge and enjoyed the beautiful scenery. From there they traveled to Boulder. At Boulder the group enjoyed a break at the Anasazi State Park Museum and Mike Nelson, Park Manager talked about the Anasazi ruins after which the Board and staff spent time looking at the ruins. The group then boarded the vans and traveled down the Burr Trail a short distance. The group then traveled back to Escalante and stopped at the Wide Hollow State Park where the New Escalante Irrigation Company provided lunch.

Louise Liston, a former county commissioner, then expressed gratitude to the Board and staff for their interest and help. She said the Wide Hollow Dam reservoir is 50% silted in and a new reservoir is needed to preserve the agricultural future of the valley. Eleven years ago they started pursuing different ways to improve the reservoir, and concluded a new reservoir site was the most viable solution. Site #4 was selected and in five years the cost of the dam has risen from \$5 million to \$9 million. The Wide Hollow Conservancy District has therefore, contacted Senator Bennett's office to solicit federal funds. The congressional committee has indicated the district could receive \$2 million this year and another \$2 million in 2006 from the EPA budget. She said they are waiting for a finalization of the EPA budget and for a decision from the IBLA on a challenge to the BLM's special use permit.

Bartt Carter of the irrigation company then had everyone drive to the Wide Hollow dam site #4. Tom Cox showed everyone where the dam is proposed to be built. Director Anderson said the staff and Board support the idea and would like to see the dam built, however at this time their hands are tied until federal funds are secured. He then thanked the irrigation company and the district for their hospitality in providing the delicious lunch and briefing them on the progress of their proposed project.

The group then returned to Ruby's Inn to attend the Briefing meeting.

Approved
MINUTES OF THE
BOARD OF WATER RESOURCES
BRIEFING MEETING
September 23, 2004

Manzarita Room
Ruby's Inn
Bryce, Utah

MINUTES OF THE
BOARD OF WATER RESOURCES
BRIEFING MEETING
September 23, 2004

The Board of Water Resources held a Briefing Meeting on September 23, 2004 at 4:00 p.m. in the Manzarita Room at Ruby's Inn, Bryce, Utah.

The following were in attendance:

BOARD OF WATER RESOURCES

Harold Shirley
Ivan Flint
Bill Marcovecchio
Paul McPherson
Brad Hancock
Paul Riley

STAFF MEMBERS:

D. Larry Anderson, Director
Dennis Strong, Deputy Director
Eric Millis, Asst. Director
Steve Wilde, Chief Investigations
Geralee Murdock, Administrative Secretary

OTHERS PRESENT:

Sherm Hoskins, Deputy Director, Department of Natural Resources

Board Chair, Harold Shirley, welcomed everyone to the meeting.

Discussion of the Projects

M & M Irrigation Company

Chair Shirley said the irrigation company wants to replace 7 ½ miles of meandering canal with 4 ½ miles of straight pipe. There is also a liability risk as homes are being built below the canal. He said staff has recommended a 10 year repayment period and the irrigation company would like to have 20 years. Director Anderson recommended a compromise of four years at their present repayment of \$27,000 and then ten years at the higher rate when their present repayment is paid off. Paul McPherson said it was a good project and would save a lot of water.

Willow Creek Irrigation Company

Steve Wilde said the Willow Creek Irrigation Company owns the spring that provides drinking water to Axtell. Willow Creek delivers irrigation water to 800 acres. Many residents are using the culinary water (supplied by Axtell Special Service District) to water outdoors. The sponsor is requesting financial assistance to construct a pressurized irrigation system to serve 1,200 acres of farmland, Axtell's existing 88 homes, and 29 additional homes are projected to be constructed in the next 25 years. The benefit/cost ratio of the farm irrigation portion of the project is 1.12, the secondary system of the project is not economically feasible. The benefit/cost ratio of it is .38 when all costs are discounted to present value over 50 years. The benefit/cost ratio for the combined project is .81. Axtell SSD is willing to pay half of the annual payment.

Otter Creek Reservoir Company and Piute Reservoir & Irrigation Company

Dennis Strong said both companies would like to have an accurate topographic map made of their reservoir basin while they are drained. The cost of this is estimated at \$25,000 each. This would increase their dam safety loans by \$25,000.

Deseret Irrigation Company

Steve Wilde said the company has constructed Phase I and Phase II of the proposed project using only the funds committed for Phase I. They are now requesting \$32,000 to construct Phase III instead of the original request of \$120,000.

West Porterville Pipeline Company

Mr. Wilde said the West Porterville Pipeline Company serves drinking water to ten connections. The pipe is leaky and contamination problems exist. Two connections east of the

creek and highway are residential and have problems receiving water for drinking. They have hauled water for two years. The company is requesting financial assistance to drill and equip two small culinary water wells to serve these two connections; they will no longer be served by the existing pipeline. Ivan Flint said it is a worthwhile project; the two homes will have a domestic well.

Flaming Gorge Water Rights

Dennis Strong discussed what is occurring with the Flaming Gorge Water Right extensions and what needs to be done. Three of the applicants need to prepare and submit a water conservation plan to the division by December 1 or they will automatically be dropped. Some of the applicants will be attending the Friday Board meeting.

Washington County Water Conservancy District

Mr. Strong said the Washington County Water Conservancy District is requesting the Board transfer the Crystal Creek water right to the District to allow the District to pursue a diversion from Crystal Creek to Kolob.

Meeting adjourned at 5:20 p.m.

Approved
MINUTES OF THE
BOARD OF WATER RESOURCES MEETING
September 24, 2004

Bryce Canyon Conference Center
Ruby's Inn
Bryce, Utah

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SUMMARY OF BOARD ACTIONS

1. The Minutes of the August 13, 2004 Board meetings were approved as prepared. page 1
2. The Board authorized the M&M Irrigation Company project in the amount of \$531,000 (37%) to be returned in 15 years at 0% interest with annual payments of \$27,000 the first five years and approximately \$39,600 the last ten years, subject to availability of funds. page 2
3. The Willow Creek Irrigation Company's proposed project was tabled. The company needs to address the Board with answers to the following questions/comments: (1) Is the agricultural benefit underestimated as the engineer claims? (2) What is the actual feasibility of the company purchasing Gunnison Irrigation Company shares and completing the required change applications? (3) The company's "Expired" status must be resolved. (4) Are the agricultural, municipal, and combined b/c ratios accurate in light of questions 1 & 2? (5) There needs to be more details in the company/district agreement and the agreement needs to be more "tied down". page 3
4. The Board committed an additional \$25,000 to the Otter Creek Reservoir Company. The company's contract will be amended to state the \$136,000 will be returned at 0% interest over approximately 12 years with annual payments of \$12,000 beginning in 2007. page 3
5. The Board committed an additional \$25,000 to the Piute Reservoir and Irrigation Company. The company's contract will be amended to state the \$442,500 will be returned at 0% interest over approximately 21 years with annual payments of \$22,000. page 4
6. The contract for the Deseret Irrigation Company was amended to provide an additional \$32,000 and to state the company will return the total \$120,000 in two years at 0% interest with annual payments of \$81,000 in 2008 and approximately \$39,000 in 2009. page 4
7. The Board authorized and committed funds to the West Porterville Pipeline Company project in the amount of \$27,000 (85%) to be returned with annual payments of \$2,000 at 0% interest over approximately 14 years. page 5
8. The Flaming Gorge Water Rights were extended to those requesting an extension, until July 1, 2006. Gunnison Butte Irrigation Company, Garfield County School District and Daggett County must provide a water conservation plan by December 1, 2004, before their water rights will be extended. page 5
9. The Board transferred the Crystal Creek water right to the Washington County Water Conservancy District. page 6

SUMMARY OF BOARD ACTIONS CONT'D:

10. The Board committed funds in the amount of \$150,000 from the Revolving Construction Fund to the Cloud Seeding program. page 6

THOSE PRESENT

The Utah BOARD OF WATER RESOURCES met in regular session on Friday, September 24, 2004 at the Bryce Canyon Conference Center in Ruby's Inn, Bryce, Utah. Chair Shirley presided over the 8:30 a.m. meeting.

BOARD MEMBERS PRESENT:

Harold Shirley
Ivan Flint
Bill Marcovecchio
Brad Hancock
Warren Peterson
Paul Riley
Paul McPherson
George Harmond, Jr.

STAFF MEMBERS PRESENT:

D. Larry Anderson, Director
Dennis Strong, Deputy Director
Eric Millis, Asst. Director
Randy Staker, Accountant
Steve Wilde, Chief, Investigations
Ben Everitt, Chief, Geologist
Tom Cox, Engineer
Marisa Egbert, Engineer
Geralee Murdock, Administrative Secretary

OTHERS PRESENT:

Sherm Hoskins, Deputy Director, Department of Natural Resources
Brian Allred, Policy Analyst, Legislative Research & General Counsel
Terrah DeGiulio, Analyst, Governors Office of Planning and Budget
Kerry Carpenter, Southwest Regional Engineer, Division of Water Rights

Frank Eliason, President, M&M Irrigation Company
Troy Prestwich, Secretary-Treasurer, M&M Irrigation Co.
John A. Syme, Watermaster, M&M Irrigation Co.
Darin Robinson, Engineer, Jones & DeMille Engineering

OTHERS CONT'D:

A. Quay Mecham, President, Willow Creek Irrigation Co.
Travis Blackburn, President, Axtell Special Service District
Darrell Despain, Board member, Willow Creek Irrigation Co.
Eric Franson, Franson Noble Engineering

Larry London, President, West Porterville Pipeine Co.

Myron Cottam, Superintendent, Garfield School District
Connie L. Reid, President Boulder Farmstead Water
Lenza Wilson, Mayor, Escalante City
Greg Vetere, Gunnison Butte Irrigation Co.
Tim Vetere, Farmer, Green River
Randy Crozier, General Manager, Duchesne County Water Conservancy District

BOARD OF WATER RESOURCES
MINUTES
September 24, 2004

Chair Shirley welcomed everyone to the meeting

APPROVAL OF THE MINUTES

Bill Marcovecchio made the motion, seconded by Ivan Flint to approve the minutes of the August 13, 2004 meetings as prepared. The Board unanimously agreed.

CHAIR'S REPORT

Chair Shirley thanked everyone who participated in the successful tour of Garfield County the Board enjoyed on Thursday, September 23, 2004.

Larry Anderson informed the Board Dr. Ben Everitt would be retiring from the division at the end of October. He has served as chief geologist. Mr. Anderson wanted to acknowledge Ben's service and thank him for his 25 years with the division. He has been a great asset and will be missed a lot.

FEASIBILITY REPORTS

#E-136 M & M Irrigation Company

Chair Shirley introduced Frank Eliason, president; Troy Prestwich, secretary-treasurer; John Syme, water master; and Darin Robinson, engineer from Jones & DeMille. Steve Wilde reported the proposed project is located west of Mount Pleasant and northeast of Moroni in Sanpete County. The company diverts water from the Sanpitch River near Mt. Pleasant and delivers it for the pressurized irrigation of 1200 agricultural acres and 118 homes' lawns and gardens in Moroni. Water is diverted into an 11 mile-long, 20 cfs, unlined transmission canal. About 1,600 acre-feet of water is lost annually to seepage from a 7.5 mile, meandering section of the canal.

The irrigation company is requesting financial assistance to replace the 7.5 meandering miles of its transmission canal with 4.5 miles of 30-inch aluminized steel pipe. Technical assistance is being provided by Jones & DeMille Engineering in Richfield.

The estimated cost of the project is \$1.424 million. A Central Utah Water Conservancy District grant will provide \$893,000 or 63% of the amount. The Board is requested to provide 37%. Staff recommends the project be purchased in ten years at 0% interest with approximate annual payments of \$53,000. The company feels this would be burdensome and is requesting it

be purchased in twenty years as it will need to spend around \$120,000 over the next three or four years to get the land that has gone dry during the drought back into production.

Mr. Eliason thanked the Board for listening to their proposal, and said the company has had a 25-year relationship with the Board, and have always made their payments on time each year. He said the company has gone on past history as to what they have done and were able to do and that is the reason they requested the 20 year repayment period. Mr. Prestwich reiterated what Mr. Eliason said.

After considerable discussion, Warren Peterson suggested the repayment period be extended to fourteen years. Mr. Eliason said it would be better than ten years. Brad Hancock then suggested the purchase period be fifteen years to give them one more year to get the company on its feet. Warren Peterson made the motion to authorize the M&M Irrigation Company project in the amount of \$531,000 (37%) to be returned in fifteen years at 0% interest with annual payments of \$27,000 the first five years and approximately \$39,600 the last ten years, subject to availability of funds. Paul McPherson seconded the motion and the Board agreed unanimously.

#E-149 Willow Creek Irrigation Company

Chair Shirley introduced Quay Mecham, president; Darrell Despain, board member; Travis Blackburn, Axtell Special Service District president; and Eric Franson, engineer. Steve Wilde reported the company delivers ditch irrigation water to about 790 agricultural acres. Although in the past it has also delivered ditch water for 88 Axtell homes' lawn and garden use, many today use culinary water (supplied by Axtell Community Special Service District) outdoors instead. Irrigation water supplied from Willow Creek and Michaelson Springs; the springs are also Axtell's culinary water source. The irrigation company owns the right to the spring and has a perpetual agreement with the district allowing it to use up to a half second foot. Spring production has decreased during the past several years of drought.

The concrete-lined transmission ditch carrying diverted Willow Creek water down the canyon to places of use is deteriorated and requires constant maintenance.

The company is requesting financial assistance to construct a pressurized irrigation system to serve 1,200 acres of farmland, Axtell's existing 88 homes, and 29 additional homes projected to be constructed in the next 25 years. The project will include three miles of pipeline to transport irrigation water down the canyon, a regulating pond, and about eight miles of distribution pipeline. The benefit/cost (b/c.) ratio of the farm irrigation portion of the project is 1.12; the b/c. ratio for the municipal portion is .38, and the combined b/c. ratio is .81. Engineering services will be provided by Franson Noble Engineering in American Fork.

The project is estimated to cost \$1.233 million with the Board to provide \$1.048 million (85%) which would be returned in 25 years at 1% interest with annual payments ranging from approximately \$45,100 to \$50,600. It has been represented to staff that the district will assume half the annual payments to the Board; the company will work with the district in coming up

with the full payment to the Board each year. Among items the company will need to complete before the Board will consider committing funds are resolving its “Expired” status with the state Department of Commerce, and providing the Division a copy of the agreement the Company will have with the district guaranteeing the district’s portion of annual payments to the Board.

Mr. Blackburn of the special service district said the town has no more water hookups available as the culinary water is being used on lawns and gardens. This project would free up the culinary water as the whole town will be on a secondary system.

After considerable discussion, Warren Peterson made the motion to table the Willow Creek Irrigation Company’s request. The company needs to return to address the Board at one of its future meetings with answers/responses to the following questions/comments:

1. Is the agricultural benefit underestimated as the engineer claims?
2. What is the actual feasibility of the company purchasing Gunnison Irrigation Company shares and completing the required change applications?
3. The company’s “Expired” status must be resolved.
4. Are the agricultural, municipal, and combined b/c ratios accurate (in light of questions 1 and 2)?
5. Look closely at the nature/status of the company/district agreement. There needs to be more details and the agreement to be more “tied down”.

Paul Riley seconded the motion and the Board unanimously agreed.

SPECIAL ITEMS

#C-021 Otter Creek Reservoir Company

Dennis Strong reported the Board provided a \$2.109 million grant and a \$111,000 loan to upgrade Otter Creek Dam to meet current state dam safety standards. Work is complete but the company would like to map the reservoir basin so a new area-capacity curve can be developed. The reservoir is nearly empty and an accurate topographic map can be made. The cost is estimated to be \$25,000 which the company requests be added to the current loan.

Warren Peterson made the motion to commit funds in the amount of \$25,000 and amend the contract with the Otter Creek Reservoir Company to state the \$136,000 will be returned at 0% interest over approximately 12 years with annual payments of \$12,000 beginning in 2007. George Harmond, Jr. seconded the motion and the Board unanimously agreed.

#C-022 Piute Reservoir & Irrigation Company

Dennis Strong reported the company has completed Phase I of the dam safety upgrade of Piute Dam. The Board has provided funds for Phases II and III, reconstructing the dam’s drainage system and constructing an emergency spillway. This work is under construction. The Board has provided a grant of almost \$8 million and a loan of \$417,500. With the reservoir almost empty the company would like to map the reservoir basin and prepare a new area-

capacity curve. The cost is estimated to be \$25,000, which the company requests be added to the current loan.

Warren Peterson made the motion to commit funds in the amount of \$25,000 and amend the contract with the Piute Reservoir and Irrigation Company to state the \$442,500 will be returned at 0% interest over approximately 21 years with annual payments of \$22,000. George Harmond, Jr. seconded the motion and the Board agreed unanimously.

#E-101 Deseret Irrigation Company

Tom Cox reported the Deseret Irrigation Company provides irrigation water to the areas around the communities of Deseret, Hinckley and southwestern Delta. Three years ago the Board authorized a \$900,000 multi-phase project to pipe approximately 12,000 feet of the South Hinckley Canal, and concrete-line approximately 9,500 feet of the Old Deseret Canal. The company piped about a mile of canal in 2001-02, and lined about 3,200 feet of canal in 2002. It is now ready to begin Phase III, piping the next 4,600 feet of the South Hinckley Canal at a total estimated cost of \$150,000; the proposed Board share is \$120,000 (80%).

Because the first two phases were both constructed under budget using only funds committed for the first phase, the company has all Board funds committed for Phase II (\$88,000) remaining. Therefore, it needs only an additional \$32,000 from the Board at this time to construct Phase III.

Warren Peterson said he was a shareholder in the company and would need to declare a conflict of interest. Bill Marcovecchio made the motion to amend the contract for the Deseret Irrigation Company to provide an additional \$32,000 from the Board and to state the company will return the total \$120,000 in two years at 0% interest with annual payments of \$81,000 in 2008 and approximately \$39,000 in 2009. George Harmond, Jr. seconded the motion and it was unanimously agreed upon by the Board. Warren Peterson abstained.

#E-148 West Porterville Pipeline Co.

Chair Shirley introduced Larry London, president of the company. Steve Wilde reported the pipeline company provides culinary water from Spring Hollow Spring to nine residential connections and a backup connection for a local church. Water from the spring is piped about 1.25 miles to a 17,000 gallon storage tank, then distributed to users. All connections except two are west of East Canyon Creek and State Highway 66, and also receive pressurized secondary irrigation water from West Porterville Irrigation Co.

The two connections east of the creek and highway are residential and are served by a pipeline with a number of leaks that cause reduced pressures and occasional water contamination. These two families have hauled water for drinking the past two years, but have used the piped water for all other indoor and outdoor uses. Their outdoor use of culinary water stresses the pipeline company's system.

The pipeline company is requesting financial assistance to drill and equip two small culinary water wells to serve the two connections across the creek and highway; they will no longer be served by the existing pipeline. This will eliminate the leaks and pressure and quality problems for the two communities, and the burden on the company's water system will be eased. Division staff will provide technical assistance.

The project is estimated to cost \$32,000. The sponsor has raised rates from \$120/year to \$300/year to pay for the proposed project.

Larry London said he appreciated Dan Aubrey's time and effort on this project. He said the company's been concerned for some years about the two hookups that are so far away, and feels the two wells will solve the problem.

Ivan Flint said he had looked at the project, and made the motion to authorize and commit funds to the West Porterville Pipeline Co. project in the amount of \$27,000 (85%) to be returned with annual payments of \$2,000 at 0% interest over approximately 14 years. Bill Marcovecchio seconded the motion and the Board agreed unanimously.

Flaming Gorge Water Rights – Status Report

Dennis Strong stated letters have been received requesting an extension of time for Flaming Gorge Water Rights. Staff has reviewed these requests and suggests the Board extend the deadline of submitting proof for two years until July 1, 2006. There are three exceptions – Daggett County, Gunnison Butte Irrigation Company and Garfield County School District; they have not submitted a water conservation plan. The water conservation plans must be submitted by December 1, 2004, or their Flaming Gorge Water Rights will be lapsed. These rights will then be returned to the Board and become part of the unallocated portion.

Kerry Carpenter, southwestern regional water rights engineer, explained the status of the entities in his region in regards to the Flaming Gorge Water Right. Chair Shirley then asked Myron Cottam, Garfield County School District; Lenza Wilson, mayor of Escalante City; Connie Reid, Boulder Farmstead Water; Greg and Tim Vetere, Gunnison Butte Irrigation Company and Randy Crozier, Duchesne County Water Conservancy District to comment regarding the status of their Flaming Gorge Water Right.

George Harmond Jr. made a disclosure that he had done work for Lee Thayne of Gunnison Butte Irrigation Company.

Brad Hancock made the motion to extend the Flaming Gorge Water Rights to those requesting an extension until July 1, 2006. Gunnison Butte Irrigation Company, Garfield County School District and Daggett County must provide a water conservation plan by December 1, 2004, before their water rights will be extended. Warren Peterson seconded the motion and the Board agreed unanimously.

Washington County Water Conservancy District

Chair Shirley explained the Washington County Water Conservancy District has requested the Board give the deed to the Crystal Creek Water Right to it. Cedar City has relinquished all right to the claim and has given up any right for a transbasin transfer in that area.

Paul Riley made the motion for the Board to transfer the deed to Crystal Creek Water Right to the Washington County Water Conservancy District. Bill Marcovecchio seconded the motion and it was unanimously agreed upon by the Board.

Cloud Seeding

Director Anderson said this is the time of year staff requests the Board to commit \$150,000 to the cloud seeding program. The Board has participated in this program for most of the last 25 years. The legislature has given the Board authorization to grant up to \$150,000 for cloud seeding out of the Revolving Construction Fund with a cost share not to exceed 50%.

Warren Peterson is affiliated with the Provo River Water Users Board and Bill Marcovecchio is affiliated with the Jordan River and Utah Lake Distribution Co., and both declared a conflict of interest.

Ivan Flint made the motion to commit funds to the cloud seeding program in the amount of \$150,000. Brad Hancock seconded the motion and the Board agreed unanimously. Warren Peterson and Bill Marcovecchio abstained.

DIRECTOR'S REPORT

Director Anderson said the Upper Colorado River Commission met the previous week in a work group meeting in Denver trying to decide what to do if a drought continues. We have requested the Secretary of Interior to conduct a mid-year review of the Colorado River Annual Operating Plan. If the drought continues the Upper Basin States may ask the Secretary to reduce the releases from Lake Powell next year. The 7-Basin States are meeting separately to try and come to an agreement to reduce the releases from Lake Powell to the Lower Basin if the drought continues. Lake Powell is dropping and will continue to do so throughout the winter. Lake Powell is projected to be at elevation 3552 by March, 2005, which puts the lake down about 150 feet from full.

There have been two meetings with the Governor and Lt. Governor to talk about the Lake Powell Pipeline. Governor Walker needed information as she had a request from a group of state legislators from southwestern Utah to take a position on the Lake Powell Pipeline. The governor called a meeting with the legislators, water district officials, mayors and county commissioners

to talk about what could be done. After a long discussion it was determined the best thing that could happen was to try and figure out how to fund the construction of the Lake Powell Pipeline and the Bear River Development project. The governor agreed to put together a task force to study the funding issue. Ron Thompson was given the responsibility to come up with a group of names for the task force for southwestern Utah. Ivan Flint was given the responsibility of getting a group of names for the task force for northern Utah.

Director Anderson asked the Board members to have their picture taken before the November Board meeting as a new display is being created for the Division's conference room.

NEXT BOARD MEETING

The next Board meeting will be held Friday, November 5, 2004 at 1:00 p.m. in the Auditorium of the Department of Natural Resources Building. The Briefing Meeting will be held at 9:30 a.m. in Room 314.

Meeting adjourned at 11:35 a.m.

